

**RIO DELL CITY COUNCIL  
SPECIAL MEETING  
APRIL 26, 2010  
MINUTES**

A Special meeting of the Rio Dell City Council was called to order at 9:30 A.M. by Mayor Woodall.

ROLL CALL: Present: Mayor Woodall, Councilmembers Dunker, Marks, and Thompson

Absent: Councilmember Barsanti

Others Present: Interim City Manager Stretch, Chief of Police Hill, Finance Director Beauchaine, Acting Director of Public Works Jensen, and City Clerk Dunham

**SPECIAL MEETING MATTERS**

Mid-Year Budget Review Amendments

Interim City Manager Stretch stated the idea is to talk about how this fiscal package fits in with next year's budget.

Finance Director Beauchaine presented a Mid Year Budget Review and 2010-2011 Budget Development including Revenue Projections; Projected Fund Balance Review; Projected Expenditure Analysis; 2009-2010 Fiscal year Expenditures by Fund; and provided options for Council in regard to overall direction to staff as to budget development.

Beauchaine reported on revenue projections stating that General Fund was estimated to increase by 5% to \$650,000; Streets Fund was estimated to be reduced by 4%; with Water and Sewer Operations Funds to each increase by approximately 3%.

On the expenditure side, Beauchaine reported that proposed expenditures currently exceeded Revenue Projections primarily due to changes in the City Manager salary expenditure; and pending employee contract negotiations with COLA increases averaging 5%.

Proposed projects not included in the budget projections included: fees and charges assessment study; study of ballot options for increased General Fund Revenue; computer software for the Finance Department; augmentation of Finance Department staffing; Public Works Director classification change; and update of the Safety Element of the General Plan.

Interim City Manager Stretch stated there are currently some extensive projects within the City Manager's office which necessitates augmentation of staffing in that department and felt it would be in the best interests of the City to have more professional level employees. It was suggested

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that a new position of Assistant City Manager/Finance Director be considered as well as a Civil Engineer/Director of Public Works.

Councilmember Thompson asked if reclassification of the Director of Public Works position would be offset by current engineering expenses; City Manager Stretch noted that the projected savings in engineering expense was expected to more than cover the extra salary expense.

Next was discussion on ideas for increasing revenue; City Manager Stretch noted the Fees, Charges and Assessment Study was probably the most important project proposed as it was a necessary tool in justifying increases in fees and charges.

Finance Director Beauchaine said the Contract Planner still needs to develop formulas before we can assess project impact fees for lighting/landscaping and streets/sidewalks. She said other General Fund fees to review include project planning fees; animal control fees; and police services.

City Manager Stretch stated fees and charges should be adjusted each year through a master fee resolution and said the idea is to have a consulting firm develop a fee study using a very detailed methodology for the first year, then have a method in place for an automatic adjustment each budget year.

Councilmember Thompson expressed concern about implementing large sewer fees at once and said he prepared a spreadsheet which represented a \$2.50 per month increase to occur automatically each year and suggested the Council consider the adjustment prior to completion of a rate study. He also commented about assessment districts for individual neighborhoods stating it was his understanding that it can be done with 51% vote of homeowners, provided the City can show there is a benefit to the neighborhood.

Councilmember Thompson said in regard to update of the Safety Element, he felt it could be deferred until the 2011-2012 budget year since there was a good document in place but because it was updated without CEQA compliance was not official.

City Manager Stretch said there are projects that really need to get done and the only way to accomplish that is to pull from the Reserve Funds and recommended the Council give consideration to funding various projects with use of those funds.

Finance Director Beauchaine stated staff has a program in mind to build healthier reserves so to authorize the use of reserves for projects now is not a huge financial risk.

City Manager Stretch commented that if it is the Council's direction to not tap into reserve funds, they will need to look at where to cut expenses in order to balance the budget. He further noted that the Street Fund has a healthy reserve balance and the Director of Public Works was

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proposing the purchase of some used equipment for the public works department including a vactor truck, street sweeper, and extra mower. Also proposed were an air compressor, jack hammer, and back up generator for the infiltration gallery.

Councilmember Marks questioned the capabilities and effectiveness of Accufund accounting software; Beauchaine explained the software was workable but the problem was that there were a couple of modules that are available that would make the system more manageable however the finance department did not have enough staff to implement the programs to make them work effectively.

Councilmember Marks said she had talked with Pat Nally, the Accufund representative and was told that there were three Accufund modules that are not being used to their potential by the city. Councilmember Marks said it was important that the budget module be implemented to allow for comprehensive financial reporting and said she couldn't see how the Council could approve the budget without the budget module as part of the system. She said with the possibility of Scotia annexation, it was not logical to wait another year.

Finance Director Beauchaine explained that it was not possible for the budget module to be implemented this budget year and noted that 30% of the problems had to do with modules and 70% of the problem was do to staffing.

Councilmember Marks then commented on the need to provide debit/credit card payment capabilities for citizens; Finance Director Beauchaine said she had been studying the option for the past 18 months and said that Accufund would soon be offering software that could be integrated with our current system thus eliminating the need to balance two systems. She stated it didn't make sense to pay the bank for the system and to pay staff to reconcile the transactions.

City Manager Stretch suggested the Council approve the funding of one position in the finance department for one year with the expense coming from the Reserve Fund; direct staff to review the rate structures for water and sewer; and direct staff to define costs for a Fees Assessment Study.

City Manager Stretch said he would look at the distribution tables for the various funds to make sure they are defensible and bring back for discussion during the budget process.

Councilmember Marks noted that the City Council budget was spread partly by water and sewer funds and asked for an explanation; she said she understood revenue from the cell tower was to fund the City Council's budget. Beauchaine explained because the General Fund was out of balance largely due to increased expenses in the police department, the only way to balance the General Fund budget was to use water and sewer funds. She said enterprise funds cannot be used to fund police department activities however it is an appropriate use to fund administrative activities.

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Motion was made by Thompson/Dunker to approve the mid-year budget review amendments as submitted.

Councilmember Marks stated at the last meeting, the City Manager said he was not familiar with the budget amendment amounts and asked if he was now comfortable with the amendments; he commented that after further review, he was comfortable with the amendments as proposed.

Motion then carried 4-0.

**ADJOURNMENT**

There being no further business to discuss, the meeting adjourned at 11:20 A.M. to the May 4, 2010 regular meeting.

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Julie Woodall Mayor

ATTEST:

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Karen Dunham, City Clerk